

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-603

January 13, 2004

BANGOR GAS COMPANY, LLC
Application for Approval of Affiliated Interest
Transaction (\$45,000,000 loan) (§ 707,
§ 901 & § 902)

ORDER CLARIFYING
APPROVAL OF AFFILIATE
TRANSACTION AND ISSUANCE
OF SECURITIES

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

On December 19, 2003, Bangor Gas Company, LLC (BGC or the Company) requested a clarification of our Order in this Docket dated May 28, 2003 which approved a request by BGC to issue an unsecured promissory note in the amount of \$45 million to an affiliated entity, Penobscot Natural Gas Company, Inc. (PNG). That note carried a fixed interest rate of 6.00%, had a stated maturity date of not later than December 31, 2008, and its purpose was primarily to finance future system construction and to refinance existing short-term debt that had funded system construction to date. This Order clarifies that the note that we approved previously, while having a stated 2008 maturity date, is a demand note and as such may be called for payment by PNG at any time.

II. ANALYSIS & DECISION

By letter dated December 19, 2003, BGC requested that the Commission clarify its May 28, 2003 Order in this Docket because it contained a potential "unintended ambiguity" regarding the maturity date of the \$45 million note. BGC noted that our Order did not include specific language stating that the note was in fact a "demand note" and thus subject to being "called" at any time by the lender (PNG). To the extent that our May 28 Order created an ambiguity, it was indeed unintended. The original note we approved clearly stated that it was in fact a "demand note" and it was our intent to approve it as such.

Accordingly, we

O R D E R

1. That the \$45 million note between Bangor Gas Company, LLC (BGC) and Penobscot Natural Gas Company, Inc. (PNG) approved in our May 28, 2003 Order in this Docket should properly have been termed a "Demand Note."
2. All other terms, conditions and provisions of our May 28, 2003 Order in this Docket remain unchanged.

3. That a copy of this Amended Order be sent to Bangor Gas Company, LLC and interested parties and that this docket be closed.

Dated at Augusta, Maine, this 13th day of January, 2004.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.